

**JEFFERSON COUNTY BOARD OF EDUCATION'S  
ADMINISTRATION OF ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION**

**For The Period  
July 1, 2010 Through June 30, 2011**



**ADAM H. EDELEN  
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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

August 15, 2012

Reecie Stagnolia, Vice President  
Kentucky Adult Education  
Council on Postsecondary Education  
1024 Capital Center Drive, Suite 250  
Frankfort, KY 40601

Donna Hargens, Superintendent  
Jefferson County Board of Education  
P.O. Box 34020  
Louisville, KY 40232-4020

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Hargens:

This report contains the results of the performance audit of Jefferson County Board of Education's administration of the adult education grant for the fiscal year (FY) ending June 30, 2011. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Adam H. Edelen", written over a horizontal line.

Adam H. Edelen  
Auditor of Public Accounts



## TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY .....	1
RESULTS AND RECOMMENDATIONS .....	2
FINANCIAL REPORTING AND COMPLIANCE.....	2
PARTICIPANT ELIGIBILITY AND RECORD KEEPING .....	3
PURCHASING/EXPENDITURE COMPLIANCE .....	4
PAYROLL AND STAFF REQUIREMENTS .....	4
PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE .....	5
INTERNAL CONTROLS RELATING TO GRANT .....	5



**JEFFERSON COUNTY BOARD OF EDUCATION'S ADMINISTRATION OF  
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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Jefferson County adult education program for a limited scope performance audit of its adult education and English literacy/civics grants. The Jefferson County Board of Education was responsible for the administration of this grant in FY 2011. An on-site review was conducted on May 8, 2012, May 10, 2012, and May 11, 2012, to address the following objectives:

- Determine whether the local program's expenditures comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2009-2010 professional development policies and procedures.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements.

Below is the summary of findings:

**No exceptions were noted for this program.**

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**RESULTS AND RECOMMENDATIONS**

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**FINANCIAL REPORTING AND COMPLIANCE**

**Scope and Methodology**

The annual expenditures for which the program requested reimbursement through the KYAE Finance Module were compared to the line item budget approved by KYAE. This comparison was used to determine whether the program's reimbursements complied with the approved budgets for both KYAE grants.

The annual expenditures for which KYAE reimbursed the program were then compared to the program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement using the KYAE Finance Module for both KYAE grants.

**Findings**

No exceptions were noted.



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**PARTICIPANT ELIGIBILITY AND RECORD KEEPING**

**Scope and Methodology**

To ensure an unbiased representation of the population, an automated process was used to randomly select 60 participants from the basic adult education grant and 13 from the English literacy/civics grant from the total population of participants provided by KYAE. For the basic adult education grant, the sample size was based on the determination to test 20 percent of the program's total participants, not to exceed 60. For the English literacy/civics grant, the sample size was based on the determination to test 15 percent of the total participants, not to exceed 15. The participants tested received services during the period from July 1, 2010 through June 30, 2011.

The documentation maintained in the participant files was compared to the electronic student data to test compliance. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The results of the test apply only to the selected sample and should not be projected to the entire population because the criteria tested may not be applicable to each participant.

**Findings**

No exceptions were noted.

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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

Due to transactions not being provided electronically and the decision to test at least 20 percent of the total purchases not to exceed 15 transactions, a maximum sample of 15 expenditures reimbursed by the basic adult education grant was selected judgmentally from the program's detailed general ledger. In addition, a sample of two expenditures reimbursed by the English literacy/civics grant was selected judgmentally from the program's detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2010 through June 30, 2011. Because this was a judgmental sample, the results of the test cannot be projected to the entire population.

**Findings**

No exceptions were noted.

**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

Of the total number of employees, we tested 15 staff members employed by this program during the audit period were tested based on KYAE personnel requirements. Personnel files were examined to verify that staff had the proper educational credentials required for their position and the documentation of hours worked was examined for existence and approval.

**Findings**

No exceptions were noted.

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**PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE**

**Scope and Methodology**

Professional development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. Due to transactions not being provided electronically and the decision to test at least 20 percent of the total professional development expenditures no to exceed 15 transactions, a maximum sample of 15 expenditures was selected judgmentally from the program's detailed general ledger. Because this was a judgmental sample, the results of the test cannot be projected to the entire population.

**Findings**

No exceptions were noted.

**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

An Internal Control Questionnaire was provided to program management regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The completed questionnaire was reviewed by the audit team for any significant control deficiencies.

**Findings**

No significant control deficiencies were noted.